

# Paper money in Sheikh Ahmad Khatib Al-Minangkabawi's thought: a comparative and critical commentary

A comparative  
commentary  
on paper  
money

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## Abstract

**Purpose** – The article examines Sheikh Ahmad Khatib Al-Minangkabawi's initial concept of paper money, which in the early 20th century wrote *Risala Raf'u Al-Itibas*.

**Design/methodology/approach** – This paper uses a qualitative approach based on the critical extraction analysis that can reveal a set of concepts related to the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi on paper money.

**Findings** – Through an attentive reading of Sheikh Ahmad Khatib Al-Minangkabawi, the authors can formulate several significant results: First, Ahmad Khatib Al-Minangkabawi applies two methods in studying critically on paper money, namely, the comparative law method and *qiyas*. Second, Ahmad Khatib believes that paper money has similarities with *dinars* and *dirhams*, namely its nominal value function. It is just that the existence of these values is different. Briefly, there are set law consequences for those who used paper money in economic activities, i.e. payment of *zakat* on paper money applies when used as business capital.

**Research limitations/implications** – Sheikh Ahmad Khatib Al-Minangkabawi's work related to paper money is written heavily from the perspective of *fiqh*. Briefly, it is challenging to describe legal reasoning from work. As a result, articles are also thicker with *fiqh* analysis.

**Practical implications** – Sheikh Ahmad Khatib Al-Minangkabawi's view regarding paper money becomes the foundation for the theory of the value of money in Islam. However, it is rarely disclosed. In this regard, this paper can serve as the foundation of the value for money offered by scholars from Indonesia in the early 20th century.

**Social implications** – Money is not a commodity. Still, it must be positioned as capital to be productive. It finally becomes why trade is compelling and becomes the most practical reason for paying out *zakat*.

**Originality/value** – It is not easy finding out articles that attempt to reveal the concept of classical ulemas or clerics from Indonesia relating to paper money. This article manages to identify that, and at the same time, becomes a novelty.

**Keywords** Paper money, Comparative law, *Qiyās*, Money philosophy, *Fiat money*, Nominal value

**Paper type** Research paper

**JEL Classification** — A1, B1, G0, N0, Z1. **KAUJIE Classification** — Q11, Q12, Q32

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## 1. Introduction

At the beginning of the *fiqh* codification of Islamic law, classical scholars did not discuss paper money as part of any critical issue in *fiqh*. In fact, when the *fiqh* codification took place that resulted in the emergence of the four main madhabs (i.e. Maliki; Hanbali; Shafi'i and Hanafi), paper money had not yet been circulated; hence, it was not an issue that was questioned by Muslims (Sifat and Mohamad, 2018). In the contemporary Islamic era, when the paper money became widely used, the scholars from various regions and madhabs discussed it and studied the laws of using paper money. Not only in the Middle East but also in Central Asia and South Asia, the scholars started giving legal opinions on paper money. One such scholar from Southeast Asia was Sheikh Ahmad Khatib Al-Minangkabawi. He was not alone in this matter. However, it must be admitted that he was the only scholar from the archipelago who was *concerned about* paper money and even wrote works that seriously studied paper money. His work titled "*Raf'ul al-Ilhbas 'an Hukm al-anwad al-muta'mil biha baina al-nas*" can be considered an important work related to paper money, written by an alim from Minangkabau. However, there are scholars from other regions such as India and Egypt, who are also recorded as having discussed paper money. It has even resulted in different approaches to understanding paper money and its laws.

Sifat and Mohamad (2018) classify contemporary scholars in understanding paper money: First, the Al-Azhar approach. This approach is attributed to Al-Azhar University, Egypt, as Sunni orthodoxy tradition. In 1900 AD, a fatwa related to paper money was spread that originated in the mosque in Cairo. This fatwa states that "paper money" is defined as "a bond tethered to metallic deposits of gold and silver" (Sifat and Mohamad, 2018). This approach lies in the assumption that the issuance of paper money by the government is intended as a medium of exchange with an amount of coin value following the value stated on the banknote. The value indicated on the banknote is a representation of the value of the coin that is reserved. Sheikh Ahmad Husaini, a cleric affiliated with Al-Azhar University and well-known as the foremost scholar, introduced this view.

Second, the *suftaja* approach: historically, "*suftaja*" refers to "a debt transfer transaction" popularly used in the Abbasid dynasty era. In practice, an individual appoints a representative who will pay off the debt and pays the amount owed to the person who gave credit to the first person (Chatterji and Washbrook, 2014). It is different from the Al-Azhar approach, which understands that paper money is an instrument that can replace *silver* and *gold*. In this context, paper money itself has the attributes of precious metals. The method introduced by *Suftaja* is compelling and is considered as something rational and continues to develop gradually. It even has the same role as gold and metal in medieval times and serves as a medium of exchange with a value for gold or metal. In this context, paper money then developed into an economic instrument positioned within the framework of the *bay'ul dayn bi dayn* (Chatterji and Washbrook, 2014; Sifat and Mohamad, 2018). The third is the "*the fulus simile*" approach: this approach refers to the efforts of some scholars to equate "paper money" with *fulus* (i.e. plural for *fals*), which historically refers to the "copper coins" used in Islamic dynasties, especially in North Africa and the Arabian Peninsula. It is also widely used in the inter-Mediterranean trade of Andalusia (Sifat and Mohamad, 2018). The fourth is "the good approach": this model is based on the view that money is "a good," as well as paper money. Because paper money are goods, their value is highly dependent on the power of demand and supply in the market (Sifat and Mohamad, 2018).

Moreover, paper money has no price before it is turned into money. Once printed and issued as money, the paper money has a price and can be used as a medium of exchange for various transactions. Last is the approach of "the representative of value": this design makes sense that paper money has *thaman* or price. Even the same as other currencies (i.e. gold, metal and copper), paper money can determine (*as different setters*) prices (Sifat and Mohamad, 2018). Various approaches philosophically depart from different paradigms on

paper money. It is because of interdisciplinary reasons, i.e. *fiqh*, philosophical and economic. The assumptions made against paper money are very determinant of the philosophy and even the underlying methodology.

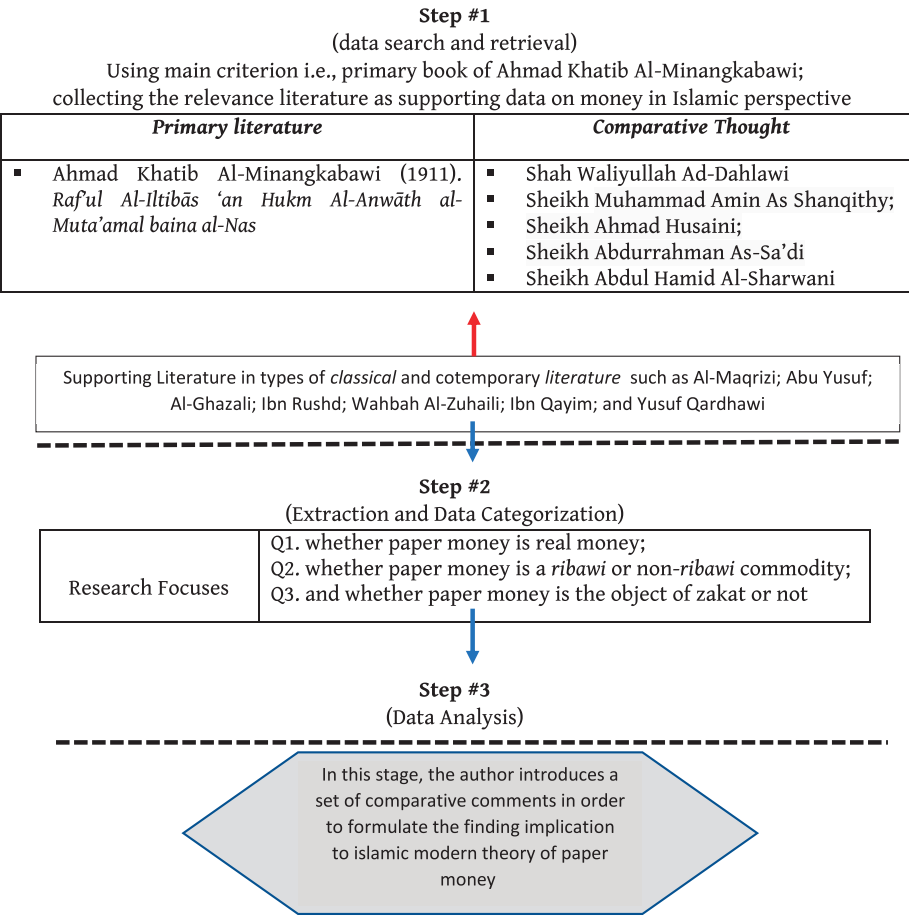
The philosophical paradigm sees and identifies paper money from an ontology perspective (Simmel, 2011). Meanwhile, the economic paradigm positions paper money as a valuable source, which can be transacted (Davies, 2002). Meanwhile, *fiqh*'s perspective bases the view of paper money as a subordinate issue *furu'*, which calls for the formulation of laws widely used by the community (Oberauer, 2018). Based on this *fiqh* perspective, contemporary scholars, since 1900 AD, have succeeded in carrying out *Ijtihād* to formulate problems that may arise as a result of the widespread use of paper money. Sheikh Ahmad Khatib Al-Minangkabawi is one of the scholars who responded to paper money in Indonesian territory since the early 20th century. He responded based on a request for a *fatwa* by the archipelago people regarding the use of paper money and the resulting laws. Based on this request, Sheikh Ahmad Khatib al-Minangkabawi wrote a work explaining the rules of *fiqh* about paper money through his book, "*Raf'ul al-Iltibās 'an Hukm al-anwād al-muta'mil biha baina al-nas.*" Therefore, it is essential to re-analyze and comment on how Sheikh Ahmad Khatib Al-Minangkabawi identified the paper money problem. This effort is considered necessary, considering that no study has attempted to comment on the work of Sheikh Ahmad Khatib Al-Minangkabawi. These comments are built through a comparative analysis of the legal explanations of *fiqh* by contemporary scholars, and then determine the position of Sheikh Ahmad Khatib al-Minangkabawi's opinion among the opinions of other scholars, and identify similarities of thought and differences between Sheikh Ahmad Khatib Al-Minangkabawi regarding paper money.

This study on the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi is aimed at identifying and comparing legal opinions regarding paper money, which includes the following issues: (1) whether paper money is real money; (2) whether paper money is a *rbawi* or non-*rbawi* commodity and (3) whether paper money is the object of zakat or not. The answers to these three issues will be found through careful reading of Sheikh Ahmad Khatib Al-Minangkabawi, and then compared with contemporary scholars such as Sheikh Muhammad Amin As Shanqithy; Sheikh Ahmad Husaini; Sheikh Abdurrahman As-Sa'di and Shah Waliyullah Ad-Dahlawi. These ulama were chosen with several arguments, namely, First, most of these scholars, except Shah Waliullah Ad-Dahlawi who lived a century before, lived and believed in paper money in the era of 1900 AD, a period with Sheikh Ahmad Khatib Al-Minangkabawi; Second, the opinions of these scholars can be used as a comparison to the opinion of Sheikh Ahmad Khatib Al-Minangkabawi regarding paper money.

## 2. Methodology

This article uses a qualitative approach to study and understand the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi about money contained in his book *Raf'u Al-Iltibās*. This process is termed as the extraction of the meaning of the text in the work of Sheikh Ahmad Khatib al-Minangkabawi (Abdellah and Haridy, 2017). It focuses on extraction of answers to several questions or issues identified from the work of Sheikh Ahmad Khatib Al-Minangkabawi, *Raf'u Al-Iltibās*. These issues include: (1) *whether paper money is real money*; (2) *whether paper money is a rbawi or non-ribawi commodity*; (3) *and whether paper money is the object of zakat or not*. Understanding *Raf'ul Al-Iltibās*, the model offered by Abdellah and Haridy (2017) can be applied in this article (see Figure 1).

There were several processes as an effort to extract the thoughts of Sheikh Ahmad Khatib Al-Minangkabawi, namely, (1) an extracted-text is presented in Arabic, with the title "*Raf'u Al-Iltibās 'an Hukm Al-Anwāt al-Mutamīl baina al-Nas*"; (2) comments on the main extracted-ideas are understood in a historical context; *Islamic legal theories* or *fiqh*; (3) the conclusions



**Figure 1.**  
Research design

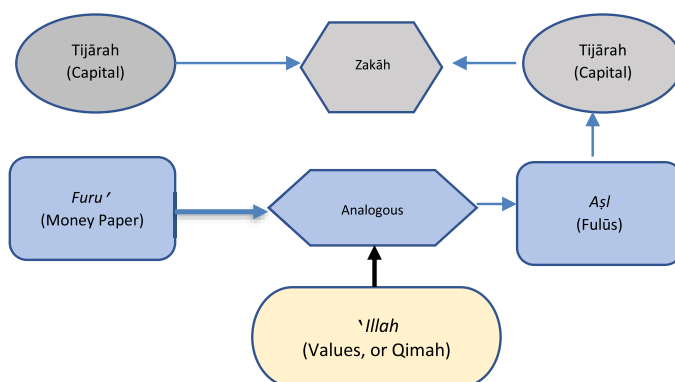
**Source(s):** Author’s own based on Abdellah and Haridy’s (2017) framework

presented is identified its implications of the findings for modern Islamic money theory (Abdellah and Haridy, 2017). The interpretation approach refers to the model used by Lilian Abou-Tabickh, where extracting ideas from a text verifies the context and its historical setting. Interpretation will depend on identifying the structure of reasoning behind a text (Abou-Tabickh, 2019). Thus, this approach is purposively to understand and grasp the ideas behind the concept developed by Sheikh Ahmad Khatib Al-Minangkabawi about the money poured in his work, *Rafʻu Al-Ittibās*. It is crucial and something new in uncovering the initial theory of money discussed by scholars with the Shafi’s claim from the Nusantara and living in Mecca in the early 20th century (see Figure 2).

**3. Result and discussions**

*3.1 Ahmad Khatib’s legal reasoning: an initial identification*

Money is not a new issue in the *fiqh* tradition, but it has always been an actual issue to be studied because the use of money is developing, dynamic and changes throughout the ages (Oberauer, 2018). Norbert Oberauer introduced the concept of *three-tier currency* and how



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**Figure 2.**  
Ahmad Khatib's Qiyas

Islamic law weighs and discusses this concept. This concept *three-tier currency* involves at least three money forms, gold *dinar*, silver dirham and copper money. Interestingly, Oberauer introduced a thesis in which “money that exists and circulates in the market is money with a complex meaning. The spread of money that was very wide, and in large amounts, made money a complex medium of exchange, sparking legal debates among scholars.” The complexity of money is due to a gap between money and how it is used by society in the economic market. Besides, people’s attitudes toward money are also different and have a locality effect.

In the market, the value of money will tend to follow market mechanisms. Understandable because the market is theoretically complex (Oberauer, 2018). In this context, there are two concepts of money in monetary theory, namely, exogenous and endogenous money. These two typologies are introduced due to how the value of money is determined, both in the market and in the financial system (Sieroń, 2019). Money is considered exogenous because it is produced and established by law and state authority. Menger, in this case, argues that money is not only generated top-down through power, but it is an unplanned product of the market mechanism. The market’s role and the law of “demand-supply,” are determinant and significant in determination of a currency’s value. It is just that in Islam, the value of money is determined systematically, and in a patron-law-based system – Islam through *fiqh* has provided guidelines on how the public ideally transact the money. The jurists’ *ijtihad* must be seen in this context.

In the Islamic legal tradition, there are several *manhaj* or methods of legal stipulation. This method is connected to the four *fiqh* madhabs popular in Islamic *fiqh* – the Hanbali ; Māliki; Shafi’ite and Hanafi (Benkheira and Weiss, 2003). The method of Islamic legal reasoning has a long history until it became popular with the four primary schools of *fiqh*. However, other schools are outside the four schools, such as the Shi’i and Zahiri Madhabs. In this regard, the paper is concerned with Sheikh Ahmad Khatib al-Minangkabawi’s legal reasoning of how Ahmad Khatib Al-Minangkabawi produces legal argumentation based on Shafi’ite tradition. It is classified as a *fiqh* expert and the Masjidil Haram’s mufti, who has Shafi’i as the answer. So, the *manhaj* madhabs-shafi’ite is the foundation of legal reasoning (Wirman, 2019). In its development, Islamic legal theory exists to understand the sources and methods of the resulting law (Hallaq, 1997). In this case, the style of Islamic law is determinant or depends on the *mujtahid* source. It can be the Qur’an; Sunnah; Ijma’ and Qiyas. In treating sources and placing their positions, it gave birth to several *legal reasoning traditions* in giving birth to Islamic law.

The difference between *manhaj-Ijtihadiyah* is the necessity of the ulama’s thought in the field of *i’tiqad*, politics and *fiqh* (Zahrah, n.d.). This difference encourages the distinctive features of each *madhab* in producing Islamic law. The proof is that the *Ijtihad* tradition developed by Imam Idris Al-Shafi’i is different from the *istinbath* tradition of Imam Abu

Hanifa in producing Islamic law. Imam Shafi'i arranged Islamic law sources hierarchically, consisting of: the *Qur'an*; *Hadith*; *Ijma'* and *Qiyas* (Muhammad Bin Idris As Shafi'i, 2006). The *Qur'an* for Imam Shafi'i is the primary source of Islamic law. Likewise, the *hadith* of the Prophet occupies the primary source after the *Qur'an*. Shafi'ite positioned the *hadith* of the Prophet as *primus inter pares* (Coulson, 1964). As for positioning the *sunnah*, Shafi'ite is also positioned it equal to the *hadith* as the primary source of Islamic law. Because the *sunnah* is the behavior of the Prophet Muhammad, and an inspiration for the behavior of Muslims. In practice, if a *mujtahid* or scholar does not find answers to the problems and issues in Islamic law from primary source, it can refer to secondary source i.e. *fatw al-sahabah*, *ijma'* and *qiyas*. In this context, Imam As-Shafi'i offered one more source.

Schacht explained that the *Qur'an* and *Sunnah* are the two main principles, while *ijma'* and *qiyas* are the subordinates. Meanwhile, Abyari understands that in the Shafi'ite tradition there are only three *proposals* (main points) of the *Shari'ah*, namely, the *Qur'an*; *Sunnah* and *Ijma'*. In contrast, *qiyas* in the classical tradition, especially among *ushuluyyin* is the result of compromise. It is in line with what was described by Imam As-Shafi'i (Benkheira and Weiss, 2003). The theory of Islamic law developed by Imam Shafi'i undoubtedly influenced his followers. It is followed in establishing Islamic law and becomes the foundation of Islamic legal reasoning carried out by its followers in responding to emerged-legal problems. Included in this Sheikh Ahmad Khatib al-Minangkabawi as a scholar from Minangkabau believed to have taught at the *Masjidil Harām* since the beginning of the 19th century, until he became the Grand Imam of the *Masjidil Harām*, Mecca (Mudhafier, 2013). As a shafi'ite scholar, Sheikh Ahmad Khatib al-Minangkabawi indeed did *ijtihad* within the framework of Islamic legal theory and the *ushl fiqh*-methodology offered by Shafi'ite. In this context, then this article seeks to understand Sheikh Ahmad Khatib al Minangkabawi's reasoning in expressing his views on money through his work *Raf'u al-Iltibās*.

Sheikh Ahmad Khatib Al-Minangkabawi is a *fāqih*, who is prolific in Islamic law and expert with shafi'ite insight (Al-Minangkabawi, 1911). It is an argument why, later, Ahmad Khatib Al-Minangkabawi applied the *framework* and method of shafi'ite in legal reasoning, especially in using *qiyas* and other *ushl fiqh* instruments. In this context, Al-Zarkasyi (b. 745 H / d. 794 H) classified the concept of *qiyas* based on several criteria: *First*, in terms of its scope, there are differences of opinion among the scholars regarding this matter. Imam Al-Haramain argues that *qiyas* consists of two concepts, namely: *qādim* and *hādīs*. The idea of *qādim* contains the law. Meanwhile, *furu'* (newcases) and *al-aṣl* are components that are grouped under the criteria of *hādīs* (new things). Meanwhile, what connects the two (*qādim wa hādīs*) is *'illath* (Al-Zarkasyi, 1992). Ibn Al-Munīr has a different opinion. According to him, *al-'illath* is a thing that is *nisbatun* (likened) and *idāfatun* (relied) and both are *adamiyatun* (abstract). Essentially, the abstract is not composed of *al-jins* (types); *al-faṣl* (limitation) because both are material and empirical. Ibn Al-Munīr's view was supported by Al-Abyari (Al-Zarkasyi, 1992). *Second*, regarding the position and relationship between *furu'* and *aṣl*. The majority of scholars (*jumhur Al-Ulamā*) argue that *qiyas* is an attempt to equate (*musāwatun*) the law that is in *furu'* to the law in *aṣl* because of the exact cause (*Gods*). In this context then, Al-Zarkasyi adhered to the opinion of the majority of *ushl fiqh* scholars (Al-Zarkasyi, 1992), who interpreted *qiyas* as an effort to equate the law of *furu'* (*mahl al-hādīs*) with the law in *aṣl* (*mahl al-'illath*).

As for *qiyas*, which is popular among scholars with shafi'ite schemes, it is used to establish and produce laws in new cases (*aṣl*), which are not explained by the primary Islamic texts, namely: *Qur'an* and *Hādith* (Al-Zarkasyi, 1992; Miftah, 2014). In this context, Sheikh Ahmad Khatib Al-Minangkabawi also applied the method *qiyas* to establish paper money laws. Ahmad Khatib Al-Minangkabawi uses the *qiyas*, not only because of that the issue of paper money is a relatively new thing but also based on a reason that Ahmad Khatib Al-Minangkabawi was a shafi'ite (Al-Minangkabawi, 1911, p. 2), who agreed to make *qiyas* as the



*fourth* source of law after *ijma'* or ulama consensus. As in the shafi'ite tradition, *qiyās* as: "the extension of a *Shari'ah* ruling from an actual situation (*aṣḥ*) to a new situation where the latter has the same effective cause (*'illah*) as the former. The *hukm* (law) extended to the new case must be about practical matters. It must be a legal rule that pertains to an individual's acts, rights and obligations. A certain rule that does not fall within the ambit of *fiqh* cannot be extended to new issues through *qiyās* (Saleem, 2010). "In the shafi'ite tradition, *qiyās* consists of at least four crucial principles. *First*, *qiyās* can be represented by employing new cases which require the establishment of one law. *Second*, there is an *original case* mentioned and explained by the Qur'ān or *Sunna* or accepted by *ijma'* or the consensus of the scholars. *Third*, the suitability of the attribute (*'illath*) in the law of *aṣḥ* with the new case (*furu'*). Finally, *qiyās* must exist in legal norms that function as legal decisions and can be applied to new cases because there are similarities (*de facto*) between the original new case (Alwazna, 2016). This principle is generally held firmly by scholars with shafi'ite scholars, including Sheikh Ahmad Khatib Al-Minangkabawi.

In applying *qiyās* to the case of paper money, Sheikh Ahmad Khatib Al-Minangkabawi referred to Imam Jalalain's view where paper money could be analogized to *fulūs* with *'illath* having value or *qimāh*. Nevertheless, Ahmad Khatib believes that paper money is not obliged to the zakat unless used for trading as capital (Al-Minangkabawi, 1911, p. 5). Ahmad Khatib Al-Minangkabawi's view emphasizes a distinctive frame of mind and can identify reasoning by applying analogy (*qiyās*) in it. However, he did not mention the method *qiyās* as the *tool* used to establish the law. But analogical reasoning is inherent in his opinion on paper money.

### 3.2 Defining paper money: real or nominal money?

The main question that deserves to be asked and as an effort to identify Sheikh Ahmad Khatib Al-Minangkabawi's definition of paper money is: "can paper money be classified as real money or vice versa?" Sheikh Ahmad Khatib Al-Minangkabawi refers to the opinion of Sheikh Salim bin Abdullah bin Saamir that paper money is paper: several values are written on it, from tens to thousands and also accompanied by the date of issue. These paper money were then daily termed "al-nawt", and allowed many people to transact using them (Al-Minangkabawi, 1911, p. 3). Furthermore, Ahmad Khatib Al-Minangkabawi explained that issue paper money for several purposes: (1) protect human property. Therefore, humans do not need to store gold and precious metals as currency; (2) paper money's efficiency. Because it is easy to carry and can be moved from one place to another (Al-Minangkabawi, 1911, p. 3), this interpretation emphasizes that paper money in Sheikh Ahmad Khatib Al-Minangkabawi's understanding can replace real money, i.e. dinar money; and dirhams or gold coins or metals which were widely known before paper money as money which could be used as a medium of exchange.

Paper money, or better known as "banknotes," is generally accepted by the public and can be used to buy goods and function as a currency in general. It is just that published by banks and private institutions (Rajeswari, 2005). In this concept, Al-Minangkabawi (1911) emphasized why then paper money could be used to buy other economic goods and products because the institutions that issued paper money listed the value of paper money as recognition (i.e. debt) which prevailed in the region, where the paper money was published (Al-Minangkabawi, 1911, p. 4). In a simple sense, paper money has the legitimacy to replace real money, equivalent to paper money's values. When someone uses paper money for transactions, in essence, the paper money's price, according to Ahmad Khatib Al-Minangkabawi, does not lie in the paper money itself but the value set by the government. Therefore, the value of paper money is only "*dāl*" or shows a discount based on its price. Simply put, the paper money's value is not due to its material, such as gold and metal coins. Essentially, paper money only show the "presence" of collateral represented by a value or

price (Al-Minangkabawi, 1911, p. 4). For example, when one paper money is listed 3,927 Rupiah, it is equivalent to 1 UAE dirham. It confirms the thought of Sheikh Ahmad Khatib Al-Minangkabawi (1911) about paper money’s value lies paper money’s collateral not because of the money itself that this value is determined (i.e. *wadi’in*) by the institution that issued the paper money.

Sheikh Ahmad Khatib Al-Minangkabawi (b.1860/d.1916) implicitly explained that the value of paper money is not based on market forces (i.e. demand and supply) but is determined since an institution issues the paper money. In contrast to the meaning of value formulated by economists, the value of one cash refers to the value of “exchange value” (Pigou, 1917). In this context, the value of a currency is highly dependent on the forces of supply and demand in a market. It then distinguishes it from the meaning of paper money formulated by Sheikh Ahmad Khatib Al-Minangkabawi, where the paper money’s value is not based on market forces, is determined by the banknote issuing institution, and applies partially to the area where the paper money are printed. Apart from Sheikh Ahmad Khatib Al-Minangkabawi, Sheikh Abdul Hamid Al-Syarwani (1884 AD) also formulated that paper money is only valuable because the authorities give it (*bi mujaradi hukm al-salatin bitanziliha manzilata al-nuqud*) because of the substance. If the government policy revokes and is no longer recognized as a medium of exchange in buying and selling, it returns to its essence, namely a piece of paper (Al-Haitami, 1983). Both Sheikh Ahmad Khatib Al-Minangkabawi and Sheikh Abdul Hamid Al-Syarwani have the same view regarding the concept of “value” inherent in paper money. Both believe that the paper money’s value is not due to the material of the paper money itself but because of a determination by the power of what value is imprinted on the banknote.

Conceptually, paper money is a *fiat* currency or currency whose value is enforced by the authorities and laws in which the currency is issued. In the modern economy, it is also termed *legal tender* or *forced tender*. Because it requires coercive legal authority (Adam et al., 2019), in this context, then another concept about paper money, apart from understanding paper money from the aspect of value, some scholars understand paper money from its function. Sheikh Ahmad Khatib Al-Minangkabawi and Sheikh Abdul Hamid Al-Syarwani identified that, in essence, paper money is not material that has genuine value, such as gold and metal coins. But paper money are *dayn* or notes of debt. History records that money experienced a shift, from commodities (*ain*) to debt records. Nowadays, money is no longer a record of debt, but the power authorities designate the fiat currency as a medium of exchange (Adam et al., 2019). Simply put, paper money is a record of the country’s debt when one currency is issued. The value stated on paper money is guaranteed and borne by the state, then legitimized as a medium of exchange for various economic activities. In this context, then, paper money is classified as “nuqd istilahiyah”: a concept that refers to money other than “gold” and “silver.” Humans use it widely because of *’urf* and *’qanun* (Himad, 2013). Therefore, paper money is agreed in the *fiqh* tradition as an independent currency, has a specific law, and different from money whose material is made of gold, silver or metal. It has implications for the value contained in paper money.

Table 1 informs that there is not much difference between Sheikh Ahmad Khatib Al-Minangkabawi and Sheikh Abdul Hamid Al-Syarwani in defining two variables related to

**Table 1.**  
Comparison on paper money concept

Dimensions	Ahmad Khatib Al-Minangkabawi	Abdul Hamid Al-Syarwani
Values of paper money	Based on the establishment of power authority	Values was set by the government
Acceptability	Accepted as a medium of exchange for economic transactions in certain regions	Accepted as a medium of exchange for economic based on <i>’urf</i> and <i>qanun</i>



paper money, namely: the value of paper money and acceptability of paper money. The only difference is the “acceptability” of paper money: for Sheikh Ahmad Khatib Al-Minangkabawi, paper money can be accepted and used as a means of transaction in the area issued. Meanwhile, Sheikh Abdul Hamid Al-Syarwani understands that paper money can be used and accepted as a medium of exchange based on the *’urf* and *qanun* where the paper money was issued. Sheikh Abdurrahman bin Nasir al-Sa’adi through his work *Al-Ajwabat Al-Sa’adiyah ‘an Masail Al-Kuwaiti*, discusses in detail how the concept of paper money is and the legal implications of using it. He argued that paper money had absolutely no intrinsic value. Therefore, paper money is only a commodity item (Al-Sa’diyah, 2002, pp. 213 and 229). The arguments put forward by Abdurrahman Al-Sa’adi include: (1) analogizing paper money into commodity goods, even though they are in the form of jewelry and the jewelry contains gold and silver. But the laws cannot be compared to the laws of gold and silver. Likewise, paper money; (2) if the collateral on the paper money is lost or invalid, either due to the destruction of the issuing country or due to other reasons, the banknote will no longer be of value; (3) *’illat* usury on gold and silver is due to the scales according to Hanafiyah. It was narrated by Imam Ahmad. However, the Safi’iyah and malikiyah scholars *’illath* lie in their values. The value referred to the context is only found in gold and silver. Meanwhile, paper money was not gold and silver. Therefore, paper money cannot be categorized as *’illat* of *riba*. Through this argument, Abdurrahman Al-Sa’adi did not include paper money in usury goods (Al-Sa’diyah, 2002). This argument then became the foundation for Abdurrahman Al-Sa’adi to categorize paper money as a commodity, and not items that could be categorized under *’illat* *riba*, such as gold and silver.

More concretely, Al-Zuhaili (2009) divides paper money into three forms: (1) النائةالبديلية النقود (exchange money); (2) الوثيقةالنقود (documentary money); (3) الالزامية النقود (security deposit). This grouping is a conceptual differentiation zone between gold, silver and paper money. In this context, money as the paper is a payment tool, but it depends on the strength of the law attached (Al-Zuhaili, 2009, p. 151). For example, paper money are stipulated by the power authority of the country where paper money are issued. When transacting in another country, it is necessary to exchange it for other countries’ paper money at the appropriate exchange rate. Referring to the various concepts put forward, especially by Ahmad Khatib Al-Minangkabawi, classifying paper money as real money must certainly elaborate the criteria for real money, known in modern monetary theory. Two forms of money are known conceptually, namely: nominal money and real money. Nominal money income is at its actual value owned by money. For example, in one paper currency, the value of Rp. 100,000 – then the nominal value. Meanwhile, real money is money issued by the central bank as a legal payment instrument in a country, including paper money and coins (Aini et al., 2016). This simple concept can quickly become an argument for categorizing the paper money implemented by Sheikh Ahmad Khatib Al-Minangkabawi as real money. But this is inadequate without identifying the elements of Sheikh Ahmad Khatib Al-Minangkabawi’s interpretation of paper money following the underlying historical context because paper money in the era of Sheikh Ahmad Khatib Al-Minangkabawi is undoubtedly more straightforward and not as complex as paper money known in the modern period.

Nikolas Siegfried (2001) identifies that the introduction of paper money has fundamentally changed the human and economic situation. Paper money were agreed as an essential instrument in financial transactions. Thus, the legal concept of paper money developed and continued to be formulated by legal experts, including *fiqh* experts. It is done because paper money is not just real money; it is just a medium of exchange. However, various concepts and definitions are attached to paper money. However, this concept encourages debate among scholars (Siegfried, 2001). For example, Sheikh Ahmad Khatib Al-Minangkabawi equated the law of paper money with *fulus* (Al-Minangkabawi, 1911). It can also find in classical legal thought. This equation lies in the use of local folded paper money and is limited to small

transactions in size (Siegfried, 2001). In this case, paper money can be categorized as real money. The argument is that paper money has a legitimate use as a medium of exchange. However, it is limited and is limited to transactions that are small in scale. Departing from the assumptions and concepts put forward by Sheikh Ahmad Khatib Al-Minangkabawi, the categorization of paper money as real money is also a dilemma when faced with an approach that makes meaning; the function and nature of reduced paper money.

There are several classical *fiqh* approaches to paper money. This approach forms the foundation for categorizing paper money: whether or not they are classified as real money. First, the view that positions paper money as bonds on the storage of gold and silver (Mani', 1984). In the context of Al-Azhar cleric's fatwa, paper money are not categorized as real money because it is only collateral for bonds *per se*. Second, the suftaja approach positions paper money as money that replaces gold and silver coins and has a value compared to both of them for the legality of power (Siegfried, 2001). In this sense, paper money can be categorized as real money because it is real money like gold and silver coins. Meanwhile, Al-Minangkabawi (1911) did not implicitly categorize paper money as real money. But he was looking at paper money from two dimensions. First, paper money has value because a nominal amount is imprinted on the money (Al-Minangkabawi, 1911, p. 3). So in this context, paper money can be categorized as real money because it has *wad'iyah* values or is determined and legally used as a medium of exchange. Second, Ahmad Khatib Al-Minangkabawi also confirmed that paper money are bonds on deposits of gold or silver (Al-Minangkabawi, 1911, p. 3). In this sense, paper money is nothing more than a *dayn* that reflects collateral for several gold and silver coins. Because it is just a *dayn*, it seems that paper money in this sense is not real money. However, the real money category for the context of paper money at the time of Sheikh Ahmad Khatib Al-Minangkabawi in the early 20th century is not so relevant. Paper money was already used as a medium of exchange, not only in the archipelago. But in some Islamic empires, such as the Byzantine empire (Siegfried, 2001). The widespread use of paper money during Sheikh Ahmad Khatib Al-Minangkabawi must be seen as a *fiqh* issue, giving birth to some of Sheikh Ahmad Khatib Al-Minangkabawi's essential thoughts on *muamalah* issues. For example, whether paper money is a *rbawi* or non-*rbawi* commodity. This issue is one of the critical issues discussed by Sheikh Ahmad Khatib Al-Minangkabawi in his work, *Raf'u Al-Itibas*.

### 3.3 Paper money: *rbawi* or non-*rbawi* commodity?

Discussion regarding whether paper money is a usury commodity like gold and silver (Oberauer, 2018) has attracted various ulama circles. It is because the issue of usury includes multiple dimensions. In *fiqh*, the practice of usury can occur not only in transactions that apply "interest" and "usury." But *riba* can also be identified from the exchange of money (Oberauer, 2018). In the *fiqh* tradition, it is found, and it can determine that usury on gold occurs when the sale of gold is not equal in weight or type, likewise with silver. Because of that, later, the scholars classified gold and silver as commodities of usury. Then what about paper money? Sheikh Ahmad Khatib Al-Minangkabawi in answering this problem by identifying the law of buying and selling paper money. In a straightforward illustration, individual paper money with paper money on credit (*mu'ajalan*) for six months. Then he said: "I sold this paper money for 200 rupiah or one thousand rupiah silver for 6 months." According to Sheikh Ahmad Khatib Al-Minangkabawi, illegal trading, or *vanity*. Because of buying and selling *dayn bil-dayn* (Al-Minangkabawi, 1911, p. 4). Apart from that, mentioning its comparability to silver makes the transaction including usury. The same view is also found in several classical scholars (Imam Jalaluddin Al-Mahaly; and Imam Safi'i) that the sale and purchase of paper money must be in cash and have the same nominal value. It is not an exaggeration if-then Sheikh Ahmad Khatib Al-Minangkabawi holds this opinion. Referring

to Sheikh Ahmad Khatib Al-Minangkabawi's view, it is clear that he considers paper money as a "bond," which is debt in nature. It can also be identified from the opinion of Al-Habib Abdullah bin Samith.

Sheikh Ahmad Khatib explains why paper money have the characteristics of debt because basically bills of material aspect have no value but merely "dāl" above what is shown to him. The value of money attached to paper money is a "dayn" for the government. It is different from *al-fulus al-maliyah*, where there is a value attached to it and not as a "debt" for the government (Al-Minangkabawi, 1911, p. 6). Due to the "debt" secured to paper money, making money transactions with money must be based on the following conditions: (1) cash and (2) have a nominal equivalent. It does not apply when transacting paper money with goods (*sil'ah*) so that the reference value is determined by an agreement between the seller and the buyer. Sheikh Abdurrahman Al-Sa'adi has also issued a fatwa on this issue. One time he explained the law of banknote transactions with gold. According to him, as long as it is carried out in cash, according to him, such transactions are not considered vanity transactions (Al-Sa'diyah, 2002, p. 89). He firmly answered questions about the sale and purchase of paper money and gold in cash as something legal as long as he did it in cash. But when it is done in cash, the transaction includes transactions that contain usury. Because it is not allowed, even if there is a "value" in paper money, the reasons put forward by Al-Sa'adi have in common with Sheikh Ahmad Khatib Al-Minangkabawi, namely: "paper money basically has the characteristic of debt in it." Therefore, a person must make the exchange in cash.

However, paper money cannot wholly be valued as debt because it has a government value (Yaacob, 2014). Therefore, the opinion of Sheikh Ahmad Khatib Al-Minangkabawi; Likewise, Sheikh Abdurrahman Al-Sa'adi must be positioned in its context. Because historically, paper money developed in several phases: (1) the first phase, paper money are set as "a letter of declaration" in exchange for money or "a receipt of debt (bank money); (2) paper money with guaranteed gold value; (3) paper money as a means of payment; (4) paper money as a complete substitute for gold and silver coins (Yaacob, 2014). In this context, it can be concluded that Sheikh Ahmad Khatib Al-Minangkabawi's thoughts regarding paper money are in the first phase. Paper money is basically "a letter of declaration" in exchange for money (*fulus*). Shah Waliyullah Ad-Dahlawi sees the use of paper money as a necessity and "al-hikmat", where there is a need to develop payment instruments because the barter system is no longer capable of being a solution to increasingly complex human needs (Azmi and Syamsuri, 2019). Therefore, it is necessary to stipulate conditions so that paper money in the form of "a letter of declaration in substituting money" do not become a new tool to institutionalize the practice of *rbawi*. Sheikh Ahmad Khatib Al-Minangkabawi required that the exchange of money for paper money be done in cash (Al-Minangkabawi, 1911, p. 6). Arguments why then Al-Minangkabawi (1911) requires that cash transactions on the exchange of paper money, as well as essentially paper money at that time significantly as the letter of declaration substitute for money, view Sheikh Ahmad Khatib also apply the methods of analogy (*qiyās*) against the exchange of gold and gold. In the context of delaying the delivery of gold, it will cause the value of gold received in the future to experience changes: "decrease" or "increase" (Oberauer, 2018). This condition that the *'illat* why selling "mua'ajal" (i.e. credit) is not allowed and considered as acts that can plunge to the practice of usury. In the context of paper money, price changes are unpredictable. Because paper money's value is a determinant of government policy, the government can increase the value of paper money at any time, or vice versa, decrease the value.

Thus, Al-Zuhaili (2009) introduced at least several forms of money that were widely used by the public, namely: "dinar zahbiyah"; "Blood fidiyah"; "Fulus nuhasiyah" (currency other than gold and silver); and "warqiyah" (Al-Zuhaili, 2009). When Sheikh Ahmad Khatib Al-Minangkabawi made an analogy of *warqiyah* and the terms of the transaction that

accompanied it with gold or silver money, it was justified because both paper money and gold or silver coins have the same function, namely as money and a medium of exchange. However, paper money was not categorized explicitly by Sheikh Ahmad Khatib Al-Minangkabawi as a *rbawi* commodity like gold, silver and foodstuffs. It was explained later by Sami Hamud, that paper money reflects the price for something (*tsamanul asyya'*) so that it applies in it to its *rbawi* nature, even being subject to zakat (Al-Zuhaili, 2009, p. 150). For Sheikh Ahmad Khatib Al-Minangkabawi and Sheikh Hamid Al-Syarwani, because of paper money's *rbawi* nature, it must carry out money transaction according to the same criteria; value and must be in cash. It is based on the argument (*hadith*), in which the Prophet(s) emphasized that: "[buying and selling] gold for gold, silver for silver, wheat for wheat, *sha'ir* with *sya'ir*, dates with dates, and salt with salt can be done (on condition) the same and the same kind and in cash. If different, sell as you wish if done in cash (Muslim)." It means that there is a standard view among contemporary scholars, including Sheikh Ahmad Khatib Al-Minangkabawi, that paper money is a *rbawi* commodity, based on analogy to gold and silver. Therefore, banknote transactions must meet the requirements outlined in the *fiqh* tradition, i.e. of the same type; score and done in cash.

### 3.4 Zakat on paper money: based on Sheikh Ahmad Khatib's view

Al-Minangkabawi (1911) started discussing zakat on paper money by revealing several scholars' views regarding zakat on paper money. First, scholars who do not oblige zakat on paper money. The arguments constructed by this group are based on analogical reasoning, or *qiyas*, where paper money are equated with *fulus al-nihas*. The scholars in this group were Ibn Taymiyyah; Al-Azhar scholar, Al-Minangkabawi (1911, p. 5). Nevertheless, the attitude of the *ulema* who rejects zakat on paper money is not absolute. They refuse zakat on the paper money material, for the reason that the material paper money is not the object of zakat like gold and silver. Because paper money has no value, however, the law of paper money will be different, used as capital in trade. Profits from business obliged his zakat. This view is also found in the shafi'ite such as Imam Al-Jalalain, where he argues that it does not oblige zakat on paper money. Except when paper money is used in commerce and makes a profit, then zakat must be paid (Al-Minangkabawi, 1911). However, not historically, the scholars of *fiqh* among scholars with shafi'ite have different opinions regarding zakat's obligation on paper money. The first group is scholars who oblige zakat. This opinion can be identified from the viewpoint of Jumhur Ulama.

Abdurrahman Al-Jaziri emphasized that: "the jumhur ulama obliges zakat on paper money. The argument that paper money replaced gold and silver as a medium of exchange and could be exchanged for silver easily. Therefore, it does not make sense if some people do not oblige zakat on paper money. On this basis, the three madhabs agreed to state that paper money was a commodity that was obliged to do zakat on, except for the Hanbali madhab who did not agree with this opinion (Al-Jaziri, n.d., p. 974)." Nevertheless, Wahbah Al-Zuhaili doubts that three madhabs apart from the Hanbali madhab agree on zakat on paper money. Historical fact, paper money as it is known today was only issued after the second world war. It seems that this opinion was attributed to the classical ulama with the madhab of shafi'i; maliki; and hanafi by mere analogy reasoning. In this context, Wahbah Al-Zuhaili wrote: "The classical *fiqh* expert does not discuss the issue of paper money. However, contemporary jurisprudence experts discuss currency exchange, especially concerning the obligation of zakat on it. Contemporary scholars affiliated with the shafi'ite; hanafiyah; and Malikiyah argues that paper money is a commodity for which zakat must be paid. The reason is that paper money is a "state treasury" that has value. Therefore, everything that has value is the object of zakat. In contrast to that, a jurisprudence expert with a mashab hanbali argues that paper money is not a commodity that must be issued zakat unless the notes are first

exchanged into gold and silver. Paper money is only “a received debt” (Al-Zuhaili, 2009). Among the debates and khilafiyah Wahbah Al-Zuhaili obliged zakat on paper money because, according to him, paper money today replaced gold and silver coins as a medium of exchange (Yasir *et al.*, 2019). Sheikh Ahmad Khatib Al-Minangkabawi (1911) identified that the root of the *khilafiah*, or debate regarding zakat on paper money, lies in the meaning of the value contained in paper money (Al-Minangkabawi, 1911, p. 6). Differences in formulating the value attached to paper money will result in different laws attached to paper money.

Al-Minangkabawi (1911) explained that *'illath* is debated regarding zakat on paper money, revolving around the argument that the paper material is not something with value. But he was only “*dālatu*” for what was written on him as “*al-nuqud*” and became a debt to the government. It is different from what is written in *al-fulus al-maliyah*. It is written the value based on the material's size that becomes the material for money and is not a debt to the government (Al-Minangkabawi, 1911, p. 6). Beyond this, Sheikh Ahmad Khatib Al-Minangkabawi (1911) formulated another argument why zakat on paper money is indispensable and must be paid. According to him, the argument based on this obligation was that paper money now, and even in the future, would be the most desirable asset; and humans will try to get it. It means that paper money is something valuable (Al-Minangkabawi, 1911, p. 11). Therefore, zakat on paper money is the same as zakat on gold or silver. The material, but the price attached to paper money, makes it a “treasure” (*al-māliyah*), which is valuable. Therefore, it is obligatory for zakat on paper money because it is one of the most critical property forms for human life.

Al-Minangkabawi (1911) agreed with the shafi'ite cleric who analyzed zakat on paper money at two levels, namely: (1) at the material level of paper money, scholars of shafi'ite decided that there was no value if identified from the paper money material. Paper money in this form are only a medium of exchange. Therefore it is not obligatory to zakat; (2) paper money is obliged to do zakat on it when paper money is used as capital in economic transactions (Al-Minangkabawi, 1911). The views of these shafi'ite scholars then continued and even developed by contemporary *fiqh* experts. In this context, several scholars' opinions regarding zakat on paper money can be cloned: First, scholars who oblige zakat on paper money absolutely, without conditions. In this group, there was Sheikh Muhammad bin Salih Al-Uthaimin; Second, the group that requires zakat on paper money with several states, such as it is diverted and the nisab has reached the gold and silver measurement. Scholars like Wahbah Al-Zuhaili; Yusuf Al-Qardhawi and including scholars in the early 20th century, namely, Sheikh Ahmad Khatib Al-Minangkabawi, including scholars who argue that zakat is compulsory on paper money with conditions.

Al-Qardhawi (1973) even wrote a detailed chapter of zakat money in his work, *fiqh zakat*. Yusuf Al-Qardhawi specifically builds the argument why paper money is obligatory zakat on him through analogical reasoning. Yusuf Al-Qardhawi accepted the controversy created by the shafi'ite obliged zakat on paper money. A popular general idea regarding this is that paper money and other securities (i.e. bonds and stocks) are analogous to gold and silver. The aspect that makes it the same is that paper money and gold and silver coins function as a medium of exchange (Fauziyah, 2012). Besides, paper money also has economic value and can be developed because it contains *maliyah* and *nama'* and *istinma'* (Al-Qardhawi, 1973). In this case, Yusuf Al-Qardhawi agrees with Al-Minangkabawi (1911) that paper money contains elements of *maliyah* (assets); *nama'* and *istinma'* or can be invested (Al-Minangkabawi, 1911). When Sheikh Ahmad Khatib Al-Minangkabawi denied his view, “how can paper money be valued as a treasure while the material is just a piece of paper which is worthless?” Sheikh Ahmad Khatib Al-Minangkabawi simply explained that the value of “property” in paper money does not lie in the material. But it refers to the nominal value stated on it, when it was issued by the government (Al-Minangkabawi, 1911, p. 10). So, Sheikh Ahmad Khatib Al-Minangkabawi can be grouped into shafi'ite also require zakat on paper money. The



arguments he builds are also based on qiyas reasoning or analogy. He also identified and predicted that paper money would become an economic treasure like gold and silver. Therefore, paper money holders must issue zakat when the conditions have been met.

### 3.5 Beyond Ahmad Khatib's thought on paper money: a critical commentary

Sheikh Ahmad Khatib Al-Minangkabawi's view regarding paper money can be considered a view colored by the shafi'ite. It can be identified through the similarity of Sheikh Ahmad Khatib Al-Minangkabawi, with the views of other Shafi'ite scholars regarding paper money. However, the uniqueness of Sheikh Ahmad Khatib al-Minangkabawi's thoughts and opinions lies in several aspects, namely: First, [Al-Minangkabawi \(1911\)](#) did not fully agree to equate paper money with *fuls al-nuhs*. According to him, the fundamental difference lies in the argument over assets on paper money and *fuls an-nuhs*. In paper money, the value of the property does not lie in its material. But what becomes a reference is the value that was printed when it was first published. In comparison, the *spirit of an-nuhs* is precisely the value of property attached to the material ([Al-Minangkabawi, 1911](#), p. 10). It means that paper money categorization as assets depends very much on the value inherent in these paper money.

Second, the value of paper money in its initial form did not fluctuate. Because it can only change the stated value, i.e. increased or decreased based on government policy ([Al-Minangkabawi, 1911](#), p. 18). It is different from *al-nuhs' money*. The value may fluctuate depending on the price of the material into which the product *pulsed* is made. From the two fundamental views of Sheikh Ahmad Khatib Al-Minangkabawi, it can introduce the thoughts of [Al-Minangkabawi \(1911\)](#) in response to the use of paper money as "a letter of declaration in substituting money" ([Al-Minangkabawi, 1911](#)). The thought of Sheikh Ahmad Khatib Al-Minangkabawi is not intended as a response to the development of paper money as "replacing and substituting gold and silver," as it is widely known today by the public.

Today's widely recognized paper money differ from the paper money commented on by Sheikh Ahmad Khatib Al-Minangkabawi in the early 20th century. [Davies \(2002\)](#) did a good study that the paper money known in the [Al-Minangkabawi period \(1911\)](#) was paper money which he called the primitive form of paper money ([Davies, 2002](#)). It is termed a "primitive form" because paper money in the early 20th century was not paper money that replaced or was *backed up* by the value of gold and silver, but only "a letter of declaration." Its value was highly dependent on the political-economic policies of power. Therefore, [Abdullah \(2018\)](#) assesses that the paper money known today is much more complex in dimensions than the paper money known in the era of Sheikh Ahmad Khatib Al-Minangkabawi. The latter lived and wrote paper-related works ([Abdullah, 2018](#)). In this case, [Abdullah \(2018\)](#) understands that money development, including paper money, is inseparable from cultural, social, market conditions and even technological developments. Therefore, all paper money laws discussed in the early 20th century by scholars such as Sheikh Ahmad Khatib Al-Minangkabawi need to be reread critically. Critical readings include: First, Sheikh Ahmad Khatib Al-Minangkabawi's thoughts regarding paper money, not covering the monetary value of paper money; Second, legal issues arising from fluctuations in the value of paper money, as it follows the law of supply and demand.

[Abdullah \(2018\)](#) introduced the Islamic monetary theory related to the value of money by emphasizing that: "the value of money reflected in the exchange rate, both in the value of precious metals: 'depreciate or appreciate,' because of an excessive increase or decrease in the supply of money concerning Request. It affects the price level ([Abdullah, 2018](#))." Paper money, whose value follows the law of supply and demand, are certainly not discussed, or even Sheikh Ahmad Khatib Al-Minangkabawi never thought of it. Therefore, not surprising that the direction that he enacted regarding paper money was a very determinant of the views



of the number of ulama from hanafiyah circles; malikiyah and shafi'iyah'. Meanwhile, paper money today has a complex monetary dimension. It reflects exchange rates but contains psychological problems: economic politics; and even culture (Simmel, 2011). As a consequence, paper money which is known in modern society, has fluctuated in value due to various reasons. Not only economic factors such as market dynamics, demand and supply. It also a matter of global money, such as the dollar. In this context, paper money continues to grow and require careful but rational Ijtihād. Of course, the qiyas methodology commonly used in Sheikh Ahmad Khatib Al-Minangkabawi's reasoning is inadequate. Therefore, he needs other methods as support, for example, maqasid-based reason.

#### 4. Conclusion

In principle, there are several concepts offered by Sheikh Ahmad Khatib Al-Minangkabawi in commenting on and then issuing fatwas related to paper money. First, Sheikh Ahmad Khatib Al-Minangkabawi distinguishes between *fuls an-nuhas* and paper money, especially in terms of value. According to him, paper money's value is *fixed* per the determination by the power (sultan). Meanwhile, the value of the *fuls an-nuhas* follows the material value. Second, zakat on paper money must be paid as long as the paper money are used as capital and generate profit. The reasoning built by Sheikh Ahmad Khatib Al-Minangkabawi is an argumentation based on the *qiyās* method, or analogy. Third, paper money known during Sheikh Ahmad Khatib Al-Minangkabawi cannot be categorized as real money like gold and silver coins. Paper money was only a declaration letter to replace gold and silver coins.

Thus, Sheikh Ahmad Khatib Al-Minangkabawi considered paper money to have a “*dayn* character,” or debt. Fourth, Sheikh Ahmad Khatib Al-Minangkabawi understands that paper money is a commodity of usury and gold and silver coins. Therefore, paper money's exchange must be done in cash and not justified on a delayed or deferred or “*mu'ajjal* basis.” Although several essential points of Sheikh Ahmad Khatib Al-Minangkabawi's concept regarding paper money can be identified and offered in this article, there are limitations in writing that need to be honestly acknowledged. Among them, this paper does not make in-depth comparisons with rigorous reasoning against *fiqh* thoughts related to one-time paper money with Sheikh Ahmad Khatib Al-Minangkabawi. The dynamics of *fiqh* thinking in Sheikh Ahmad Khatib Al-Minangkabawi's era could not be touched and elaborated in-depth. It seems to be an issue for further research by other researchers in the future.

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